PUBLIC NOTICE

Federal Communications Commission
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DOMESTIC SECTION 214 APPLICATION FILED FOR CONSENT TO TRANSFER CONTROL OF WILLIAMS COMMUNICATIONS, LLC

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 02-320

On September 27, 2002, Williams Communications Group, Inc. as Debtor-in-Possession ("Williams"), and WilTel Communications Group, Inc. ("WilTel") filed an application pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, for approval to transfer control of Williams Communications, LLC ("WCL") from Williams to WilTel.[1] WCL holds authority pursuant to section 214 to provide domestic telecommunications services.[2] The proposed transfer of control has been approved by the United States Bankruptcy Court for the Southern District of New York.[3]

Applicants assert that this application is subject to streamlined processing under section 63.03(b)(2)(i) of the Commission's rules because: 1) WCL will have a market share in the interstate, interexchange market of less than 10 percent; 2) WCL will provide competitive exchange services and exchange access only in geographic areas served by the dominant local exchange carrier that is not a party to this transaction; and 3) no party to this application is dominant with respect to any service.[4]

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[1] Williams, WilTel and WCL are collectively referred to herein as the "Parties" or the "Applicants."

[2] The Parties have filed separate applications for consent to transfer control of other Commission authorizations held by WCL, which will be processed separately. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

[3] *See* Order Confirming Second Amended Joint Plan of Reorganization of Williams Communications, Group, Inc. and CG Austria, Inc., *In re Williams Communications Group, Inc. and CG Austria, Inc.,* Chapter 11 Case No. 02-11957 (BRL) (Bankr. S.D.N.Y. Sept. 30, 2002).

[4] 47 C.F.R. § 63.03(b)(2)(i).

Through its operating subsidiary WCL, Williams operates or manages approximately 30,000 route miles of a nationwide fiber optic network. It provides integrated voice and data telecommunications services over its network on a wholesale basis to other telecommunications companies.

The Applicants state that the proposed transfer of control will permit consummation of a plan of reorganization ("POR") that provides for the creation of WilTel, a new holding company with improved capitalization. The POR provides for cancellation of the existing equity of Williams. The POR also provides that WilTel will issue new common stock. The new common stock will be distributed to existing unsecured creditors of Williams ("Creditors") and to Leucadia National Corporation ("Leucadia"), a diversified holding company.

WCL is a wholly-owned subsidiary of Williams. WCL itself is not undergoing reorganization. Instead, it will continue to operate subsequent to implementation of the POR as a subsidiary of WilTel. The ultimate ownership of WCL will change due to the ownership changes occurring as part of the reorganization of Williams.

The POR is the result of a pre-negotiated agreement in principle between Williams, the Creditors, The Williams Companies, Inc. (TWC),[5] and Leucadia. As confirmed by the bankruptcy court, the POR will permit continued service to Williams' customers. The POR provides for WilTel to have the following ownership structure:

- Williams' senior redeemable notes will be cancelled, and the unsecured creditors of Williams, including the holders of these notes, will receive 55% of WilTel's common stock (subject to a reduction to 51.3% under certain circumstances).

- Leucadia will purchase claims of TWC for $180 million and will invest $150 million in WilTel for approximately 45% of WilTel's common stock (subject to a reduction to 44% under certain circumstances).

Applicants assert that this transfer of control will serve the public interest, convenience, and necessity by allowing Williams to transfer ownership of WCL to WilTel, a new holding company with a revised ownership structure and improved capitalization. As an operating subsidiary of WilTel, WCL will be able to provide uninterrupted telecommunications services to existing customers. In addition, the Applicants contend that the proposed reorganization is pro-competitive. The proposed transfer of control does not involve the merger or consolidation of competing carriers. Applicants state that, instead, the proposed transfer will permit existing

[5] TWC is Williams' former parent company, from which Williams was spun off in April 2001. TWC holds approximately 4.5 percent of Williams' outstanding shares. TWC is also the largest unsecured creditor of Williams, and owns and leases to WCL the headquarters building and certain other assets of WCL. *See* Letter from Karis A. Hastings, Counsel to the Applicants, to William Dever, Wireline Competition Bureau (Oct. 7, 2002).

carrier WCL to continue to offer services in competition with other providers, including with incumbent local exchange carriers. Thus, Applicants assert, implementation of the POR is in the public interest because it will allow continuity of service to customers and promote competition.

GENERAL INFORMATION

The transfer of control application identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments within 14 days** and **reply comments within 21 days** of this notice.[6] Unless otherwise notified by the Commission, an applicant is permitted to transfer control of the domestic lines or authorization to operate on the 31st day after the date of this notice. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Vistronix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail,

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6 *See* 47 C.F.R. § 63.03(a).

Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

(1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893.

(2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: twilson@fcc.gov, and

(3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 6-A461, Washington, D.C. 20554; e-mail: dcjohnso@fcc.gov; and

(4) Imani Ellis-Cheek, Telecommunications Division, International Bureau, 445 12th Street, S.W., Room 6-A739, Washington, D.C. 20554; email: iellis@fcc.gov; and

(5) Nandan Joshi, Office of General Counsel, 445 12th Street, S.W., Room 8-A820, Washington, D.C. 20554; e-mail: njoshi@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394 or Bill Dever, Competition Policy, Wireline Competition Bureau at (202) 418-0809.

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